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EVALUATE POTENTIAL BUSINESS/INVESTMENT OPPORTUNITIES AND THE REQUIRED FINANCE OPTIONS

You will evaluate potential business or investment opportunities, appraising the costs, benefits and any associated risks, including a consideration of any external factors (eg economic or political developments) which may affect your recommendations. You will also explore the options available for raising any necessary finance and support managers to understand the various options.

TO PERFORM EFFECTIVELY YOU NEED TO:

- review and monitor the effective employment of non-current assets within the organisation
- research any business/investment opportunities
- evaluate the risks and potential returns associated with business/investment opportunities and make recommendations based on this evaluation
- investigate the finance options available and analyse the costs and benefits of each option
- discuss options with managers and support them to choose the most appropriate options.

Achievement of this performance objective requires consistent performance over a period of time.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- performing cost-benefit analysis of potential investments
- identifying the advantages and constraints of potential corporate action (eg buyout, merger, takeover)
- appraising different potential capital investment opportunities
- discussing the risks and potential returns associated with business/investment opportunities
- researching and appraising available sources of finance
- assessing the 'value for money' of investments.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

Key knowledge and understanding: Finance and financial management

- Describe, develop and evaluate the strategic and operational financial management objectives of an organisation within the context of a formal system of corporate governance
- Value companies, financial instruments and securities, using appropriate economic and mathematical techniques
- Apply efficient financial management techniques to the acquisition and management of short, medium and long-term corporate finance to meet the investment requirements of single and combined entities in domestic and multi-national business markets.

LINKED EXAM PAPERS

Paper F9, Financial Management

Paper P4, Advanced Financial Management.